



# San Joaquin Council of Governments

## Triennial Performance Audit for FY 2019 - FY 2021 City of Escalon

MARCH 2022  
FINAL REPORT





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## Chapter 1 | Executive Summary

In 2021, the San Joaquin Council of Governments (SJCOC) selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the seven transit operators to which it allocates State of California TDA funding.

The California Public Utilities Code requires all recipients of Transit Development Act (TDA) Article 4 funding to undergo an independent performance audit on a three-year cycle in order to maintain funding eligibility. Audits of Article 8 recipients are encouraged.

The Triennial Performance Audit is designed to be an independent and objective evaluation of the City of Escalon as a public transit operator, providing operator management with information on the economy, efficiency, and effectiveness of its programs across the prior three fiscal years. In addition to assuring legislative and governing bodies (as well as the public) that resources are being economically and efficiently utilized, the Triennial Performance Audit fulfills the requirement of PUC Section 99246(a) that the RTPA designate an entity other than itself to conduct a performance audit of the activities of each operator to whom it allocates funds.

This chapter summarizes key findings and recommendations developed during the Triennial Performance Audit (TPA) of the City's public transit program for the period:

- Fiscal Year 2018/19,
- Fiscal Year 2019/20, and
- Fiscal Year 2020/21.

The City of Escalon provides public transit services within city limits and beyond via its eTrans bus program. eTrans offers one fixed route providing service within Escalon and to neighboring Modesto. Three round trips are offered each weekday, departing Escalon at 8:12 a.m., 1:12 p.m., and 4:12 p.m. Dial-A-Ride service within Escalon, and with connections to Riverbank, operates between the round trips (9:12 a.m. and 11:32 a.m., 12:32 p.m. and 1:12 p.m., and 2:12 p.m. and 3:32 p.m.). Neither service operates on Saturday, Sunday, or designated holidays.

Both services are open to the general public. Effective July 1, 2020, eTrans was operated under contract to the City of Modesto. The route is called Route 35 (although the service retains the City of Escalon's transit branding).

This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that the audit team plans and performs the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for its findings and conclusions based on the audit objectives. Moore & Associates, Inc. believes the evidence obtained provides a reasonable basis for its findings and conclusions.

This audit was also conducted in accordance with the processes established by the California Department of Transportation (Caltrans), as outlined in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*.

The Triennial Performance Audit includes five elements:

- Compliance requirements,
- Prior recommendations,
- Analysis of program data reporting,
- Performance Audit, and
- Functional review.

#### Test of Compliance

Based on discussions with City staff, analysis of program performance, and an audit of program compliance and function, the audit team presents no compliance findings.

#### Status of Prior Recommendations

The prior audit – completed in April 2019 by Moore & Associates, Inc. for the three fiscal years ending June 30, 2018 – included two recommendations:

1. [Ensure future State Controller reports are submitted within the stipulated timeframe.](#)  
**Status:** Implemented.
2. [Transit website should include, at a minimum, route and schedule information.](#)  
**Status:** Implemented.

#### Findings and Recommendations

Based on discussions with City staff, analysis of program performance, and a review of program compliance and function, the audit team submits two functional findings for the City of Escalon.

1. There were significant variances in some of the data reported in FY 2019/20 and FY 2020/21.
2. The FY 2020/21 TDA Fiscal Audit was submitted after the allowable deadline extension of March 31.

#### Program Recommendations

In completing this Triennial Performance Audit, the auditors submit the following recommendations for the City of Escalon's public transit program. They are divided into two categories: TDA Program Compliance Recommendations and Functional Recommendations. TDA Program Compliance Recommendations are intended to assist in bringing the operator into compliance with the requirements and standards of the TDA, while Functional Recommendations address issues identified during the audit that are not specific to TDA compliance. Each finding is presented with the elements identified within the 2011 *Government Auditing Standards* as well as one or more recommendations.

Given there were no compliance findings, only functional findings and recommendations are provided.

Exhibit 1.1 Summary of Audit Recommendations

| Functional Recommendations |  | Importance | Timeline   |
|----------------------------|--|------------|------------|
| 1                          | Ensure data is cited as accurately as possible on all reporting documents. | High       | FY 2021/22 |
| 2                          | Ensure TDA fiscal audits are completed within the extended deadline.       | High       | FY 2021/22 |

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## Chapter 2 | Audit Scope and Methodology

The Triennial Performance Audit (TPA) of the City of Escalon’s public transit program covers the three-year period ending June 30, 2021. The California Public Utilities Code requires all recipients of Transit Development Act (TDA) funding to complete an independent review on a three-year cycle in order to maintain funding eligibility.

In 2021, the SJCOG selected Moore & Associates, Inc., to prepare Triennial Performance Audits of itself as the RTPA and the seven transit operators to which it allocates TDA funding. Moore & Associates, Inc. is a consulting firm specializing in public transportation, including audits of non-TDA Article 4 recipients. Selection of Moore & Associates, Inc. followed a competitive procurement process.

The Triennial Performance Audit is designed to be an independent and objective evaluation of the City of Escalon as a public transit operator. Direct benefits of a Triennial Performance Audit include providing operator management with information on the economy, efficiency, and effectiveness of its programs across the prior three years; helpful insight for use in future planning; and assuring legislative and governing bodies (as well as the public) that resources are being economically and efficiently utilized. Finally, the Triennial Performance Audit fulfills the requirement of PUC Section 99246(a) that the RTPA designate an entity other than itself to conduct a performance audit of the activities of each operator to whom it allocates funds.

This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that the audit team plans and performs the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for its findings and conclusions based on the audit objectives. The auditors believe the evidence obtained provides a reasonable basis for our findings and conclusions.

The audit was also conducted in accordance with the processes established by the California Department of Transportation (Caltrans), as outlined in the *Performance Audit Guidebook for Transit Operators and Regional Transportation Planning Entities*, as well as *Government Audit Standards* published by the U.S. Comptroller General.

### Objectives

A Triennial Performance Audit (TPA) has four primary objectives:

1. Assess compliance with TDA regulations;
2. Review improvements subsequently implemented as well as progress toward adopted goals;
3. Evaluate the efficiency and effectiveness of the transit operator; and
4. Provide sound, constructive recommendations for improving the efficiency and functionality of the transit operator.

## Scope

The TPA is a systematic review of performance evaluating the efficiency, economy, and effectiveness of the transit operator. The audit of the City of Escalon included five tasks:

1. A review of compliance with TDA requirements and regulations.
2. A review of the status of recommendations included in the prior Triennial Performance Audit.
3. A verification of the methodology for calculating performance indicators including the following activities:
  - Assessment of internal controls,
  - Test of data collection methods,
  - Calculation of performance indicators, and
  - Evaluation of performance.
4. Comparison of data reporting practices:
  - Internal reports,
  - State Controller Reports, and
  - National Transit Database.
5. Examination of the following functions:
  - General management and organization;
  - Service planning;
  - Scheduling, dispatching, and operations;
  - Personnel management and training;
  - Administration;
  - Marketing and public information; and
  - Fleet maintenance.
6. Conclusions and recommendations to address opportunities for improvement based upon analysis of the information collected and the audit of the transit operator's major functions.

## Methodology

The methodology for the Triennial Performance Audit of the City of Escalon included thorough review of documents relevant to the scope of the audit, as well as information contained on the City's website. The documents reviewed included the following (spanning the full three-year period):

- Monthly performance reports;
- State Controller Reports;
- Annual budgets;
- TDA fiscal audits;
- Transit marketing collateral;
- TDA claims;
- Fleet inventory;
- Preventive maintenance schedules and forms;
- California Highway Patrol Terminal Inspection reports;
- National Transit Database reports;

- Accident/road call logs; and
- Organizational chart.

Given impacts of the ongoing COVID-19 pandemic, the methodology for this audit included a virtual site visit with City representatives on August 27, 2021. The audit team met with John Andoh (City Transit Coordinator), Jan Curre (NEXT General Manager), Kandi Lomeli (NEXT Operations Manager), Roland Fecteau (StanRTA Transit Analyst) Edward Cranford Jr. (NEXT), Brittney Lincoln (NEXT Area Director for Safety), Adam Barth (City of Modesto/StanRTA Operations & Planning Manager), and Kevin Kilner (NEXT Vice President of Safety), and reviewed materials germane to the triennial audit.

This report is comprised of eight chapters divided into three sections:

1. Executive Summary: A summary of the key findings and recommendations developed during the Triennial Performance Audit process.
2. TPA Scope and Methodology: Methodology of the review and pertinent background information.
3. TPA Results: In-depth discussion of findings surrounding each of the subsequent elements of the audit:
  - Compliance with statutory and regulatory requirements,
  - Status of prior recommendations,
  - Consistency among reported data,
  - Performance measures and trends,
  - Functional audit, and
  - Findings and recommendations.

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## Chapter 3 | Program Compliance

This section examines the City of Escalon’s compliance with the Transportation Development Act as well as relevant sections of the California Code of Regulations. An annual certified fiscal audit confirms TDA funds were apportioned in conformance with applicable laws, rules, and regulations. The City considers full use of funds under California Code of Regulations (CCR) 6754(a) as referring to operating funds but not capital funds. The TPA findings and related comments are delineated in Exhibit 3.1.

Status of compliance items was determined through discussions with City staff as well as an inspection of relevant documents including the fiscal audits for each year of the triennium, State Controller annual filings, California Highway Patrol terminal inspections, National Transit Database reports, year-end performance reports, and other compliance-related documentation.

No compliance items were identified for the City of Escalon.

### Developments Occurring During the Audit Period

The last half of the audit period is markedly different from the first half. The impacts of the COVID-19 pandemic resulted in significant declines in ridership and revenue. In many instances, transit operators strove to retain operations staff despite adopting a reduced schedule, resulting in significant changes to many cost-related performance metrics. While infusions of funding through the CARES Act mitigated some of the lost revenues for federally funded programs, most transit operators have yet to return to pre-pandemic ridership and fare levels. As a result, the Triennial Performance Audits will provide an assessment not only of how COVID-19 impacted each organization, but how they responded to the crisis.

In addition to the COVID-19 pandemic, recent and proposed changes to the TDA may result in audit reports that look somewhat different than in prior years. In the nearly 50 years since introduction of the Transportation Development Act, there have been many changes to public transportation in California. Many operators have faced significant challenges in meeting the farebox recovery ratio requirement, calling into question whether it remains the best measure for TDA compliance. In 2018, the chairs of California’s state legislative transportation committees requested the California Transit Association spearhead a policy task force to examine the TDA, which resulted in a draft framework for TDA reform released in early 2020. The draft framework maintains the farebox recovery ratio requirement, but eliminates financial penalties and allows more flexibility with respect to individual operator targets. These changes have yet to be implemented.

Assembly Bill 90, signed into law on June 29, 2020, provided temporary regulatory relief for transit operators required to conform with Transportation Development Act (TDA) farebox recovery ratio thresholds in FY 2019/20 and FY 2020/21. While the ability to maintain state mandates and performance measures is important, AB 90 offered much-needed relief from these requirements for these years impacted by the COVID-19 pandemic while TDA reform continues to be discussed.

AB 90 included the following provisions specific to transit operator funding through the TDA:

1. It prohibited the imposition of the TDA revenue penalty on an operator that did not maintain the required ratio of fare revenues to operating cost during FY 2019/20 or FY 2020/21.

2. It required the Controller to calculate and publish the allocation of transit operator revenue-based funds made pursuant to the State Transit Assistance (STA) Program for FY 2020/21 and FY 2021/22 based on the same individual operator ratios published by the Controller in a specified transmittal memo, and authorized the Controller to revise that transmittal memo, as specified. It required the Controller to use specified data to calculate those individual operator ratios. Upon allocation of the transit operator revenue-based funds to local transportation agencies pursuant to this provision, the Controller would publish the amount of funding allocated to each operator.
3. It exempted an operator from having to meet either of the STA efficiency standards for FY 2020/21 and FY 2021/22 and authorized the operator to use those funds for operating or capital purposes during that period.
4. It required the Controller to allocate State of Good Repair (SOGR) program funding for FY 2020/21 and FY 2021/22 to recipient transit agencies pursuant to the individual operator ratios published in the above-described transmittal memo.
5. It required the Controller to allocate Low Carbon Transit Operations Program (LCTOP) funding for FY 2020/21 and FY 2021/22 to recipient transit agencies pursuant to the individual operator ratios published in the above-described transmittal memo.

Assembly Bill 149, signed into law on July 16, 2021, provided additional regulatory relief with respect to Transportation Development Act (TDA) compliance. It extended the provisions of AB 90 through FY 2022/23 as well as provided additional regulatory relief including:

1. Waiving the annual productivity improvement requirement of Section 99244 through FY 2022/23.
2. Adding a temporary provision exempting operators from farebox recovery ratio requirements provided they expend at least the same amount of local funds as in FY 2018/19.
3. Expanding the definition of “local funds” to enable the use of federal funding, such as the CARES Act or CRRSAA, to supplement fare revenues and allows operators to calculate free and reduced fares at their actual value.
4. Adjusting the definition of operating cost to exclude the cost of ADA paratransit services, demand-response and micro-transit services designed to extend access to service, ticketing/payment systems, security, some pension costs, and some planning costs.
5. Allowing operators to use STA funds as needed to keep transit service levels from being reduced or eliminated through FY 2022/23.

AB 149 also called for an examination of the triennial performance audit process, to ensure the practice continues to be effective and beneficial.

Exhibit 3.1 Transit Development Act Compliance Requirements

| Compliance Element   | Reference   | Compliance     | Comments   |
|--|-------------|----------------|--|
| State Controller Reports submitted on time.  | PUC 99243   | In compliance  | FY 2018/19: January 31, 2020<br>FY 2019/20: January 30, 2021<br>FY 2020/21: January 31, 2022   |
| Fiscal and compliance audits submitted within 180 days following the end of the fiscal year (or with up to 90-day extension).  | PUC 99245   | In compliance* | FY 2018/19: December 30, 2019<br>FY 2019/20: February 17, 2021<br>FY 2020/21: <i>Pending</i>   |
| Operator's terminal rated as satisfactory by CHP within the 13 months prior to each TDA claim.   | PUC 99251 B | In compliance  | June 7, 2018 (Unsatisfactory)<br>October 1, 2018<br>March 20, 2019<br>July 22, 2020  |
| Operator's claim for TDA funds submitted in compliance with rules and regulations adopted by the RTPA.   | PUC 99261   | In compliance  |  |
| If operator serves urbanized and non-urbanized areas, it has maintained a ratio of fare revenues to operating costs at least equal to the ratio determined by the rules and regulations adopted by the RTPA.   | PUC 99270.1 | Not applicable | As an operator receiving funding under Article 8(c), the City of Escalon is judged compliant based on performance criteria, not farebox recovery ratio.  |
| Except as otherwise provided, the allocation for any purpose specified under Article 8 may in no year exceed 50% of the amount required to meet the total planning expenditures for that purpose.  | PUC 99405   | In compliance  |  |
| An operator receiving allocations under Article 8(c) may be subject to regional, countywide, or subarea performance criteria, local match requirements, or fare recovery ratios adopted by resolution of the RTPA.   | PUC 99405   | In compliance  | In order to be judged compliant, the City of Escalon must meet at least two of three performance criteria and demonstrate at least 10 percent of its operating revenues are non-TDA.<br><br><ul style="list-style-type: none"> <li>• Operating cost/revenue hour</li> <li>• Passengers/revenue hour</li> <li>• Subsidy/passenger</li> </ul> See chart below (Exhibit 3.2). Per AB 90, penalties were waived for FY 2020 and FY 2021. |
| The operator's operating budget has not increased by more than 15% over the preceding year, nor is there a substantial increase or decrease in the scope of operations or capital budget provisions for major new fixed facilities unless the operator has reasonably supported and substantiated the change(s). | PUC 99266   | In compliance  | FY 2018/19: +12.2%<br>FY 2019/20: +7.5%<br>FY 2020/21: +15.3%<br><br><i>The greater-than 15 percent increase in FY 2021 was appropriately justified.</i>   |
| The operator's definitions of performance measures are consistent with the Public Utilities Code Section 99247.  | PUC 99247   | In compliance  |  |

\*Given the City of Escalon only receives funding under Article 8, it is not required to comply with the requirements of Article 4. Therefore, this item will be carried forward as a functional finding rather than compliance finding as part of this audit.

| Compliance Element   | Reference                     | Compliance     | Comments   |
|--|-------------------------------|----------------|--|
| If the operator serves an urbanized area, it has maintained a ratio of fare revenues to operating cost at least equal to one-fifth (20 percent).   | PUC 99268.2, 99268.4, 99268.1 | Not applicable | As an operator receiving funding under Article 8(c), the City of Escalon is judged compliant based on performance criteria, not farebox recovery ratio.                                |
| If the operator serves a rural area, it has maintained a ratio of fare revenues to operating cost at least equal to one-tenth (10 percent).  | PUC 99268.2, 99268.4, 99268.5 | Not applicable | As an operator receiving funding under Article 8(c), the City of Escalon is judged compliant based on performance criteria, not farebox recovery ratio.                                |
| For a claimant that provides only services to elderly and handicapped persons, the ratio of fare revenues to operating cost shall be at least 10 percent.  | PUC 99268.5, CCR 6633.5       | Not applicable | As an operator receiving funding under Article 8(c), the City of Escalon is judged compliant based on performance criteria, not farebox recovery ratio.                                |
| The current cost of the operator's retirement system is fully funded with respect to the officers and employees of its public transportation system, or the operator is implementing a plan approved by the RTPA, which will fully fund the retirement system for 40 years.  | PUC 99271                     | In compliance  | The City contracts out its transit operation. Retirement benefits for City staff are funded through CalPERS.   |
| If the operator receives State Transit Assistance funds, the operator makes full use of funds available to it under the Urban Mass Transportation Act of 1964 before TDA claims are granted.   | CCR 6754 (a) (3)              | In compliance  | As a recipient of State Transit Assistance Funds, the City is making full use of federal funds available under the Urban Mass Transportation Act of 1964 as amended.                   |
| In order to use State Transit Assistance funds for operating assistance, the operator's total operating cost per revenue hour does not exceed the sum of the preceding year's total plus an amount equal to the product of the percentage change in the CPI for the same period multiplied by the preceding year's total operating cost per revenue hour. An operator may qualify based on the preceding year's operating cost per revenue hour or the average of the three prior years. If an operator does not meet these qualifying tests, the operator may only use STA funds for operating purposes according to a sliding scale. | PUC 99314.6                   | In compliance  | STA eligibility calculations are included as part of SJCOG's TDA claim form. As part of the claim review, SJCOG determines whether the operator is in compliance with either standard. |

| Compliance Element   | Reference | Compliance    | Comments |
|--|-----------|---------------|----------|
| A transit claimant is precluded from receiving monies from the Local Transportation Fund and the State Transit Assistance Fund in an amount which exceeds the claimant's capital and operating costs less the actual amount of fares received, the amount of local support required to meet the fare ratio, the amount of federal operating assistance, and the amount received during the year from a city or county to which the operator has provided services beyond its boundaries. | CCR 6634  | In compliance |          |

Exhibit 3.2 Article 8 Alternative Performance Measures

|  | FY 2018/19 | FY 2019/20 | FY 2020/21* | Maximum/Minimum (+/-5%) |
|--|------------|------------|-------------|-------------------------|
| <b>Operating cost per revenue hour</b> |            |            |             |                         |
| <i>Standard (less than)</i>            | \$145.13   | \$149.23   | \$153.57    | \$161.24 (max)          |
| <i>Actual</i>                          | \$72.50    | \$85.36    | \$85.24     |                         |
| <b>Passengers per revenue hour</b>     |            |            |             |                         |
| <i>Standard (at least)</i>             | 2.0        | 2.0        | 2.0         | 1.9 (min)               |
| <i>Actual</i>                          | 1.4        | 1.3        | 0.8         |                         |
| <b>Subsidy per passenger</b>           |            |            |             |                         |
| <i>Standard (less than)</i>            | \$45.75    | \$47.43    | \$49.19     | \$51.65 (max)           |
| <i>Actual</i>                          | \$11.85    | \$56.97    | \$9.61      |                         |

\*Calculation of performance metrics based on data provided in the State Controller Report except for revenue hours, which was taken from the monthly performance summary. It should be noted that there is a discrepancy with respect to Vehicle Revenue Hours (discussed in Chapter 5) that would impact these measures for FY 2021.

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## Chapter 4 | Prior Recommendations

This section reviews and evaluates the implementation of prior Triennial Performance Audit recommendations. This objective assessment provides assurance the City of Escalon has made quantifiable progress toward improving both the efficiency and effectiveness of its public transit program.

The prior audit – completed in April 2019 by Moore & Associates, Inc. for the three fiscal years ending June 30, 2018 – included two recommendations:

1. [Ensure future State Controller reports are submitted within the stipulated timeframe.](#)

**Discussion:** In FY 2015/16, the deadline for submittal was October 18, 2016. The City’s report was submitted on October 27, 2016 due to a challenge with uploading documents via the State Controller’s FTP site. While this was only one week past the deadline, it was still late.

**Progress:** All subsequent reports have been submitted on time.

**Status:** Implemented.

2. [Transit website should include, at a minimum, route and schedule information.](#)

**Discussion:** While the transit webpage included a link to fare information, it did not include any route or schedule information, though it did feature a link to the Google Trip Planner. The City had fixed some broken links and linked a user-friendly URL ([www.escalonetrans.org](http://www.escalonetrans.org)) with its transit webpage.

The auditor recommended The City’s transit webpage, at a minimum, include route and schedule information, either located on the page itself or as a downloadable .pdf file.

**Progress:** This was done in May 2019 and updated in July 2020 with a downloadable MAX brochure.

**Status:** Implemented.

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## Chapter 5 | Data Reporting Analysis

An important aspect of the Triennial Performance Audit process is assessing how effectively and consistently the transit operator reports performance statistics to local, state, and federal agencies. Often as a condition of receipt of funding, an operator must collect, manage, and report data to different entities. Ensuring such data are consistent can be challenging given the differing definitions employed by different agencies as well as the varying reporting timeframes. This chapter examines the consistency of performance data reported by the City of Escalon both internally as well as to outside entities during the audit period.

Overall, data was reported consistently among internal and external reports. Discussion of specific metrics where inconsistencies were observed is provided below.

- **Fare Revenue:** While fare revenue reported in FY 2018/19 was consistent among the three reports, it was not in FY 2019/20 and FY 2020/21. In FY 2019/20, there was a 15.8 percent variance between the lowest figure (reported to the State Controller) and the highest (reported in the TDA fiscal audit). In FY 2020/21, there was a 2.3 percent variance between what was reported to the State Controller and what was reported to the NTD (the TDA fiscal audit had not yet been completed at the time of this writing). The reason(s) for these variances could not be determined.
- **Vehicle Service Hours (VSH):** In FY 2020/21, 825 VSH were reported on the State Controller and NTD reports. However, 1,868 VSH were reported on the monthly performance reports. This is concerning, as the two external reports appear to be significantly underreporting VSH. Given VSH is a performance measure used by SJCOG to determine compliance for the City of Escalon, such a large variation in what is reports could impact the City's transit funding. In this case, the issue lies with the demand-response service, for which only 60 VSH were reported to the State Controller and NTD, but for which 1,104 VSH were recorded per the monthly performance report. Given the trends across the audit period, it would appear the 1,868 VSH is the correct figure.

Exhibit 5.1 Data Reporting Comparison

| Performance Measure                   | System-Wide |            |                           |
|---------------------------------------|-------------|------------|---------------------------|
|                                       | FY 2018/19  | FY 2019/20 | FY 2020/21                |
| <b>Operating Cost (Actual \$)</b>     |             |            |                           |
| <i>TDA fiscal audit</i>               | \$120,645   | \$129,659  | <i>Data not available</i> |
| <i>National Transit Database</i>      | \$120,645   | \$129,658  | \$159,236                 |
| <i>State Controller Report</i>        | \$120,644   | \$129,659  | \$159,233                 |
| <b>Fare Revenue (Actual \$)</b>       |             |            |                           |
| <i>TDA fiscal audit</i>               | \$2,693     | \$2,033    | <i>Data not available</i> |
| <i>National Transit Database</i>      | \$2,693     | \$1,907    | \$1,691                   |
| <i>State Controller Report</i>        | \$2,693     | \$1,756    | \$1,730                   |
| <b>Vehicle Service Hours (VSH)</b>    |             |            |                           |
| <i>Monthly Performance Reports</i>    | 1,664       | 1,519      | 1,868                     |
| <i>National Transit Database</i>      | 1,664       | 1,519      | 825                       |
| <i>State Controller Report</i>        | 1,666       | 1,519      | 825                       |
| <b>Vehicle Service Miles (VSM)</b>    |             |            |                           |
| <i>Monthly Performance Reports</i>    | 22,045      | 20,566     | 20,140                    |
| <i>National Transit Database</i>      | 22,045      | 20,566     | 20,067                    |
| <i>State Controller Report</i>        | 22,045      | 20,566     | 20,067                    |
| <b>Passengers</b>                     |             |            |                           |
| <i>Monthly Performance Reports</i>    | 2,315       | 1,914      | 1,523                     |
| <i>National Transit Database</i>      | 2,315       | 1,914      | 1,523                     |
| <i>State Controller Report</i>        | 2,315       | 1,914      | 1,523                     |
| <b>Full-Time Equivalent Employees</b> |             |            |                           |
| <i>State Controller Report</i>        | 2           | 2          | 2                         |
| <i>Per TDA methodology</i>            | 2           | 2          | 2                         |

## Chapter 6 | Performance Analysis

Performance indicators are typically employed to quantify and assess the efficiency of a transit operator's activities. Such indicators provide insight into current operations as well as trend analysis of operator performance. Through a review of indicators, relative performance as well as possible inter-relationships between major functions is revealed.

The Transportation Development Act (TDA) requires recipients of TDA funding to track and report five performance indicators:

- Operating Cost/Passenger,
- Operating Cost/Vehicle Service Hour,
- Passengers/Vehicle Service Hour,
- Passengers/Vehicle Service Mile, and
- Vehicle Service Hours/Employee.

To assess the validity and use of performance indicators, the audit team performed the following activities:

- Assessed internal controls in place for the collection of performance-related information,
- Validated collection methods of key data,
- Calculated performance indicators, and
- Evaluated performance indicators.

The procedures used to calculate TDA-required performance measures for the current triennium were verified and compared with indicators included in similar reports to external entities (i.e., State Controller and Federal Transit Administration).

### Operating Cost

The Transportation Development Act requires an operator to track and report transit-related costs reflective of the Uniform System of Accounts and Records developed by the State Controller and the California Department of Transportation. The most common method for ensuring this occurs is through a compliance audit report prepared by an independent auditor in accordance with California Code of Regulations Section 6667<sup>1</sup>. The annual independent financial audit should confirm the use of the Uniform System of Accounts and Records. *Operating cost* – as defined by PUC Section 99247(a) – excluded the following during the audit period<sup>2</sup>:

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<sup>1</sup> CCR Section 6667 outlines the minimum tasks which must be performed by an independent auditor in conducting the annual fiscal and compliance audit of the transit operator.

<sup>2</sup> Given the passage of AB 149, the list of excluded costs will be expanded beginning with FY 2021/22.

- Cost in the depreciation and amortization expense object class adopted by the State Controller pursuant to PUC Section 99243,
- Subsidies for commuter rail services operated under the jurisdiction of the Interstate Commerce Commission,
- Direct costs of providing charter service, and
- Vehicle lease costs.

#### Vehicle Service Hours and Miles

*Vehicle Service Hours* (VSH) and *Miles* (VSM) are defined as the time/distance during which a revenue vehicle is available to carry fare-paying passengers, and which includes only those times/miles between the time or scheduled time of the first passenger pickup and the time or scheduled time of the last passenger drop-off during a period of the vehicle's continuous availability.<sup>3</sup> For example, demand-response service hours include those hours when a vehicle has dropped off a passenger and is traveling to pick up another passenger, but not those hours when the vehicle is unavailable for service due to driver breaks or lunch. For both demand-response and fixed-route services, service hours will exclude hours of "deadhead" travel to the first scheduled pick-up, and will also exclude hours of "deadhead" travel from the last scheduled drop-off back to the terminal. For fixed-route service, a vehicle is in service from first scheduled stop to last scheduled stop, whether or not passengers board or exit at those points (i.e., subtracting driver lunch and breaks but including scheduled layovers).

#### Passenger Counts

According to the Transportation Development Act, *total passengers* is equal to the total number of unlinked trips (i.e., those trips that are made by a passenger that involve a single boarding and departure), whether revenue-producing or not.

#### Employees

*Employee hours* is defined as the total number of hours (regular or overtime) which all employees have worked, and for which they have been paid a wage or salary. The hours must include transportation system-related hours worked by persons employed in connection with the system (whether or not the person is employed directly by the operator). Full-Time Equivalent (FTE) is calculated by dividing the number of person-hours by 2,000.

#### Fare Revenue

*Fare revenue* is defined by California Code of Regulations Section 6611.2 as revenue collected from the farebox plus sales of fare media.

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<sup>3</sup> A vehicle is considered to be in revenue service despite a no-show or late cancellation if the vehicle remains available for passenger use.

### TDA Required Indicators

To calculate the TDA indicators for the City of Escalon, the following sources were employed:

- Operating Cost was not independently calculated as part of this audit. Operating Cost data were obtained via State Controller Reports for each fiscal year covered by this audit. Operating Cost from the reports was compared against that reported in the TDA fiscal audit and to NTD and was determined to be consistent with TDA guidelines. In accordance with PUC Section 99247(a), the reported costs excluded depreciation and other allowable expenses.
- Fare Revenue was not independently calculated as part of this audit. Fare Revenue data were obtained via State Controller Reports for each fiscal year covered by this audit. Fare revenue from the reports is consistent with TDA guidelines.
- Vehicle Service Hours (VSH) data were obtained via State Controller Reports for each fiscal year covered by this audit. Data from these reports were then compared with information included within the City's monthly performance data summary reports. The City's methodology is consistent with PUC guidelines.
- Vehicle Service Miles (VSM) data were obtained via State Controller Reports for each fiscal year covered by this audit. Data from these reports were then compared with information included within the City's monthly performance data summary reports. The City's methodology is consistent with PUC guidelines.
- Unlinked trip data were obtained via State Controller reports for each fiscal year covered by this audit. Data from these reports were then compared with information included within the City's monthly performance data summary reports. The City's methodology is consistent with PUC guidelines.
- Full-Time Equivalent (FTE) methodology provided by the City and is consistent with the TDA definition (hours worked divided by 2,000).

### System Performance Trends

Systemwide, the City's public transit program has varied in operation costs during the audit period, falling and rising around seven percent until FY 2020/21, which saw a 22.8 percent increase. Ultimately, this resulted in a net increase of 33 percent over the six-year period. Fare revenue declined significantly most years, with the most significant decrease occurring in FY 2019/20. This is not surprising, given the impact of the COVID-19 pandemic. Even with a 31 percent increase in FY 2017/18, fare revenue experienced a 60.1 percent decrease over the six-year period.

Vehicle service hours saw an 11.1 percent net increase during the audit period, despite the decline in FY 2019/20 due to COVID-19, and a net 21.1 percent increase across the six-year period. Vehicle service miles, however, saw a 9.6 percent net decrease during the audit period and a net 14.1 percent decrease across the six-year period. Ridership experienced a 53.3 percent decline during the audit period, yet a net decrease of 28.4 percent across the six-year period. This metric experienced a 52.6 percent increase in FY 2017/18, followed by a 29 percent decrease in FY 2018/19.

Cost-related metrics typically provide an indicator of a system's efficiency, while passenger-related metrics offer insight into its productivity. Improvements are characterized by increases in passenger-related metrics and decreases in cost-related metrics.

Operating cost per vehicle service hour, operating cost per vehicle service mile, and operating cost per passenger, despite initial decreases in FY 2018/19, experienced net increases during the audit period. Passengers per vehicle service hour and passengers per vehicle service miles both decreased during the audit period, indicating a decline in productivity. This is unsurprising, given the steep decrease in ridership, the increase in vehicle service hours, and the modest decrease in vehicle service miles.

**Exhibit 6.1 System Performance Indicators**

| Performance Measure                         | System-wide |            |            |            |            |            |
|---|-------------|------------|------------|------------|------------|------------|
|   | FY 2015/16  | FY 2016/17 | FY 2017/18 | FY 2018/19 | FY 2019/20 | FY 2020/21 |
| <b>Operating Cost (Actual \$)</b>           | \$119,752   | \$125,828  | \$130,026  | \$120,644  | \$129,659  | \$159,266  |
| <i>Annual Change</i>                        |             | 5.1%       | 3.3%       | -7.2%      | 7.5%       | 22.8%      |
| <b>Fare Revenue (Actual \$)</b>             | \$4,241     | \$3,020    | \$3,956    | \$2,693    | \$1,756    | \$1,691    |
| <i>Annual Change</i>                        |             | -28.8%     | 31.0%      | -31.9%     | -34.8%     | -3.7%      |
| <b>Vehicle Service Hours (VSH)</b>          | 1,543       | 1,583      | 1,682      | 1,666      | 1,519      | 1,868      |
| <i>Annual Change</i>                        |             | 2.6%       | 6.3%       | -1.0%      | -8.8%      | 23.0%      |
| <b>Vehicle Service Miles (VSM)</b>          | 23,458      | 22,990     | 22,277     | 22,045     | 20,566     | 20,140     |
| <i>Annual Change</i>                        |             | -2.0%      | -3.1%      | -1.0%      | -6.7%      | -2.1%      |
| <b>Passengers</b>                           | 2,126       | 2,137      | 3,262      | 2,315      | 1,914      | 1,523      |
| <i>Annual Change</i>                        |             | 0.5%       | 52.6%      | -29.0%     | -17.3%     | -20.4%     |
| <b>Employees</b>                            | 4           | 2          | 2          | 2          | 2          | 2          |
| <i>Annual Change</i>                        |             | -50.0%     | 0.0%       | 0.0%       | 0.0%       | 0.0%       |
| <b>Performance Indicators</b>               |             |            |            |            |            |            |
| <b>Operating Cost/VSH (Actual \$)</b>       | \$77.61     | \$79.49    | \$77.30    | \$72.42    | \$85.36    | \$85.26    |
| <i>Annual Change</i>                        |             | 2.4%       | -2.7%      | -6.3%      | 17.9%      | -0.1%      |
| <b>Operating Cost/Passenger (Actual \$)</b> | \$56.33     | \$58.88    | \$39.86    | \$52.11    | \$67.74    | \$104.57   |
| <i>Annual Change</i>                        |             | 4.5%       | -32.3%     | 30.7%      | 30.0%      | 54.4%      |
| <b>Passengers/VSH</b>                       | 1.38        | 1.35       | 1.94       | 1.39       | 1.26       | 0.82       |
| <i>Annual Change</i>                        |             | -2.0%      | 43.7%      | -28.3%     | -9.3%      | -35.3%     |
| <b>Passengers/VSM</b>                       | 0.09        | 0.09       | 0.15       | 0.11       | 0.09       | 0.08       |
| <i>Annual Change</i>                        |             | 2.6%       | 57.5%      | -28.3%     | -11.4%     | -18.7%     |
| <b>Farebox Recovery</b>                     | 3.5%        | 2.4%       | 3.0%       | 2.2%       | 1.4%       | 1.1%       |
| <i>Annual Change</i>                        |             | -32.2%     | 26.8%      | -26.6%     | -39.3%     | -21.6%     |
| <b>Hours/Employee</b>                       | 385.8       | 791.5      | 841.0      | 833.0      | 759.5      | 934.0      |
| <i>Annual Change</i>                        |             | 105.2%     | 6.3%       | -1.0%      | -8.8%      | 23.0%      |
| <b>TDA Non-Required Indicators</b>          |             |            |            |            |            |            |
| <b>Operating Cost/VSM</b>                   | \$5.10      | \$5.47     | \$5.84     | \$5.47     | \$6.30     | \$7.91     |
| <i>Annual Change</i>                        |             | 7.2%       | 6.6%       | -6.2%      | 15.2%      | 25.4%      |
| <b>VSM/VSH</b>                              | 15.20       | 14.52      | 13.24      | 13.23      | 13.54      | 10.78      |
| <i>Annual Change</i>                        |             | -4.5%      | -8.8%      | -0.1%      | 2.3%       | -20.4%     |
| <b>Fare/Passenger</b>                       | \$1.99      | \$1.41     | \$1.21     | \$1.16     | \$0.92     | \$1.11     |
| <i>Annual Change</i>                        |             | -29.2%     | -14.2%     | -4.1%      | -21.1%     | 21.0%      |

Sources: FY 2015/16 – FY 2017/18 data from prior Triennial Performance Audit.

FY 2018/19 – FY 2020/21 data from NTD reports.

FY 2020/21 vehicle service hour data from Monthly Performance Reports.

FY 2018/19 – 2020/21 FTE data from State Controller Reports.

Exhibit 6.2 System Ridership

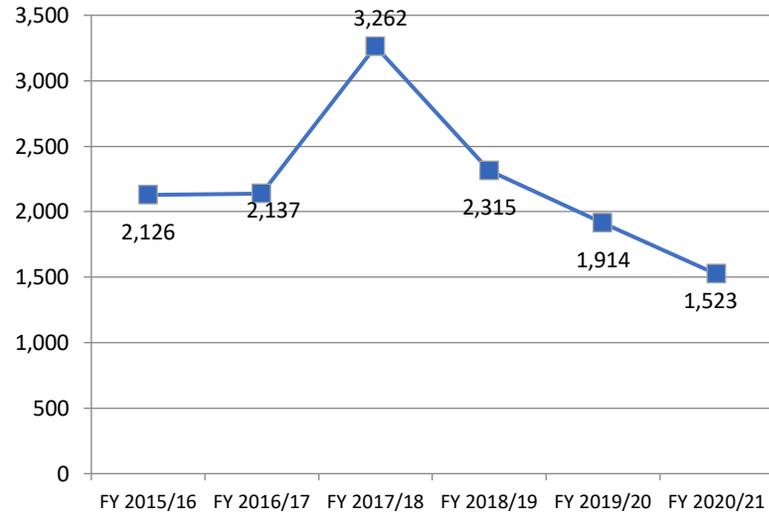


Exhibit 6.3 System Operating Cost/VSH

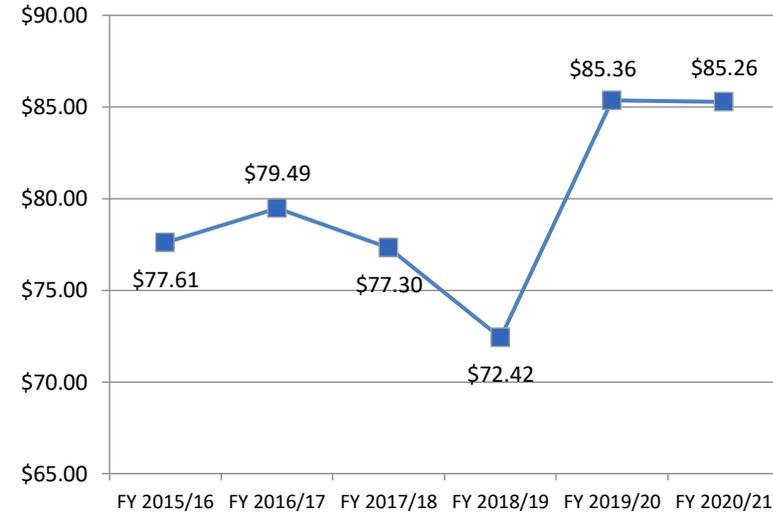


Exhibit 6.4 System Operating Cost/VSM

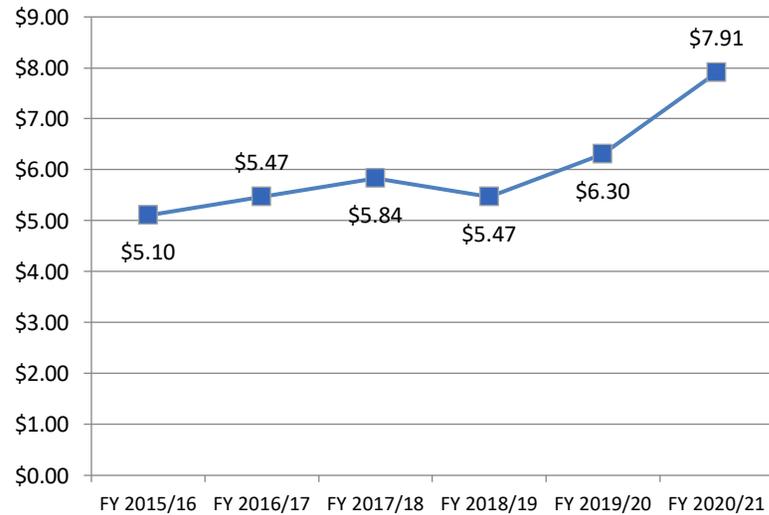


Exhibit 6.5 System VSM/VSH

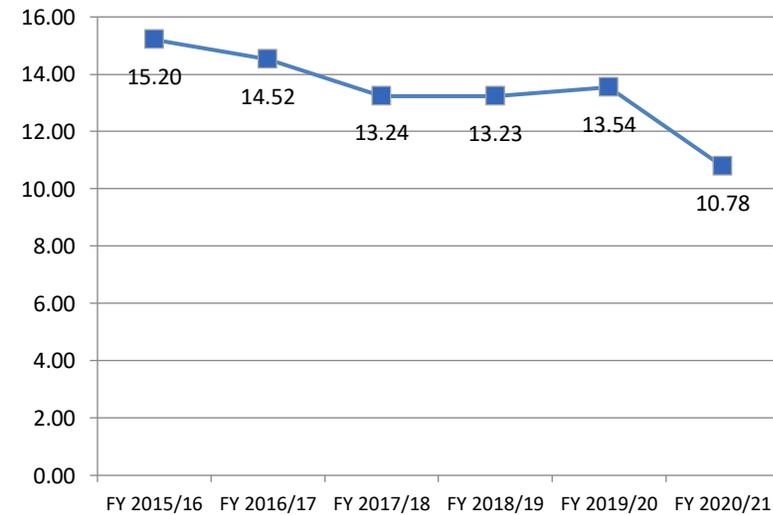


Exhibit 6.6 System Operating Cost/Passenger



Exhibit 6.7 System Passengers/VSH

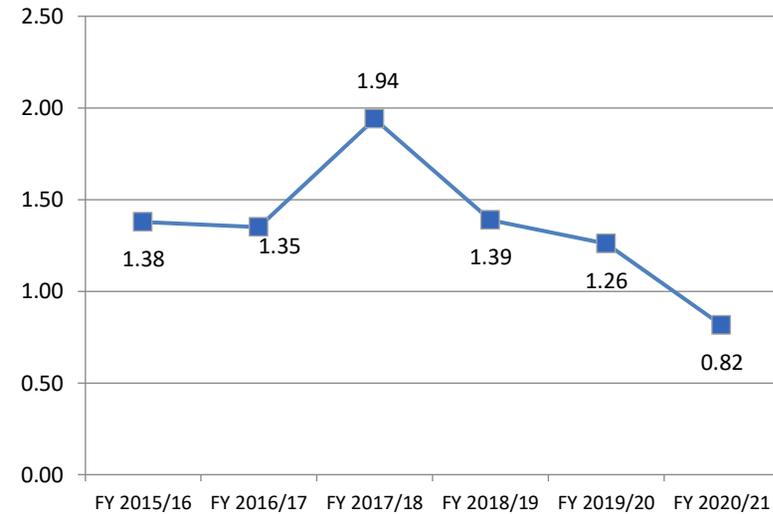


Exhibit 6.8 System Passengers/VSM

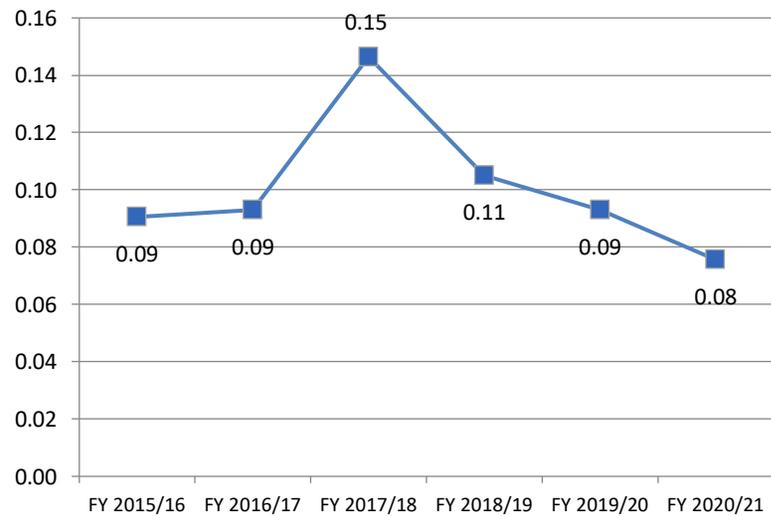


Exhibit 6.9 System VSH/FTE

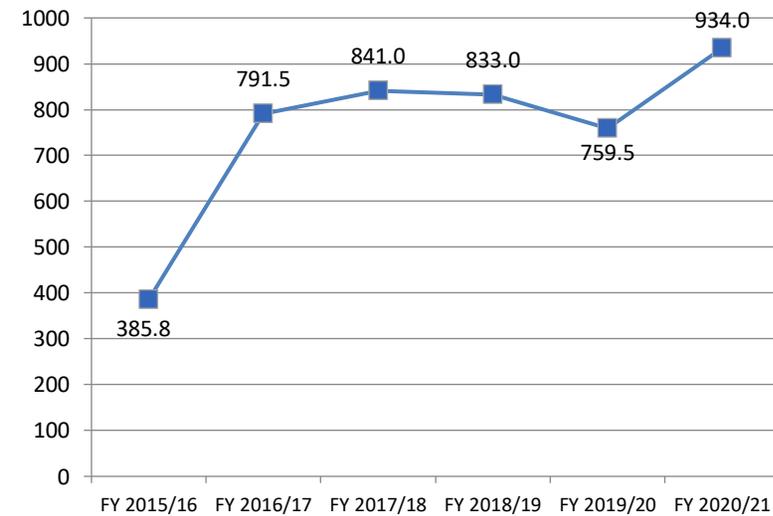


Exhibit 6.10 System Farebox Recovery

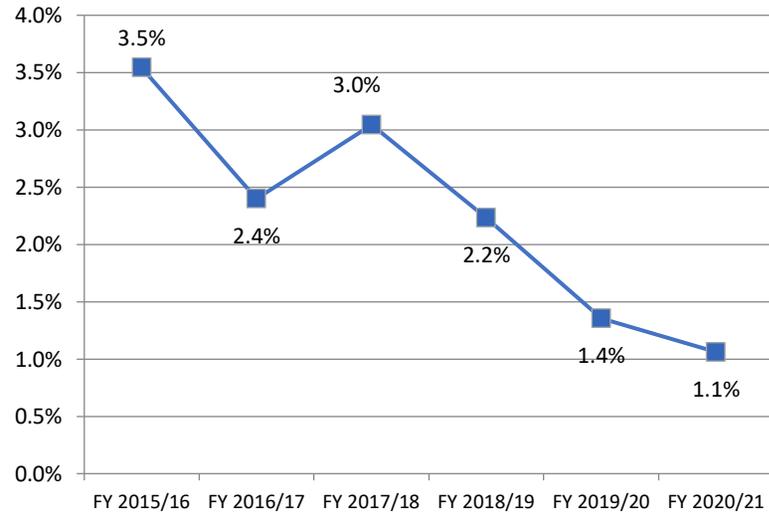
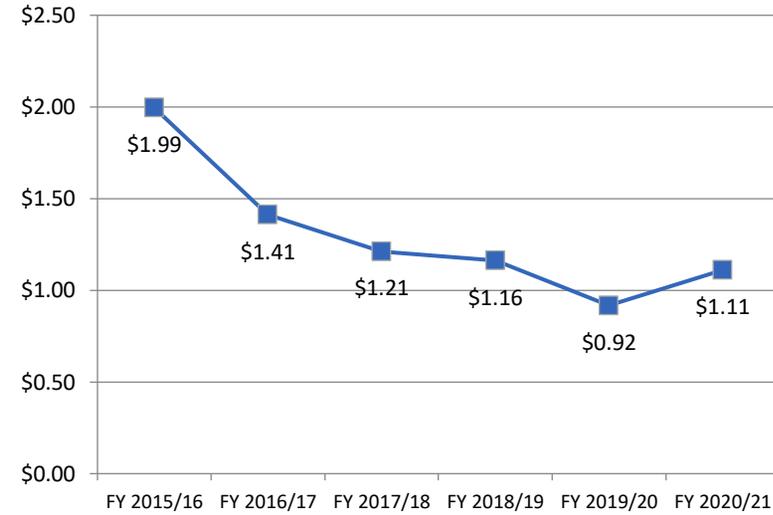


Exhibit 6.11 System Fare/Passenger



### Fixed-Route Performance Trends

The City's fixed-route service also varied in operation costs during the audit period, falling and rising in alternating years. This resulted in a net 5.6 percent net decrease during the audit period, yet a 2.4 percent net increase over the six-year period. Fare revenue experienced a similar pattern, seemingly not significantly impacted by COVID-19.

Fixed-route vehicle service hours increased in FY 2018/19 before decreasing in FY 2019/20 and FY 2020/21. This resulted in a net 5.1 percent decrease across the six-year period. Vehicle service miles increased 6.7 percent during the audit period, despite decreases in prior years. Ridership increased significantly (43.7 percent) in FY 2017/18, followed by a 30.8 percent decline in FY 2018/19. Ridership remained stable in FY 2019/20, increasing 21.6 percent in FY 2020/21 despite the COVID-19 pandemic.

Operating cost per vehicle service hour and operating cost per vehicle service mile both experienced net decreases during the audit period, while operating cost per passenger increased. Passenger-related productivity metrics saw net decreases during the audit period, but increased in FY 2020/21.

## Exhibit 6.12 Fixed-Route Performance Indicators

| Performance Measure                         | Fixed-Route |              |            |            |            |            |
|---|-------------|--------------|------------|------------|------------|------------|
|   | FY 2015/16  | FY 2016/17   | FY 2017/18 | FY 2018/19 | FY 2019/20 | FY 2020/21 |
| <b>Operating Cost (Actual \$)</b>           | \$63,693    | \$35,611     | \$69,085   | \$56,474   | \$66,761   | \$65,202   |
| <i>Annual Change</i>                        |             | -44.1%       | 94.0%      | -18.3%     | 18.2%      | -2.3%      |
| <b>Fare Revenue (Actual \$)</b>             | \$1,967     | \$980        | \$1,804    | \$834      | \$1,055    | \$1,006    |
| <i>Annual Change</i>                        |             | -50.2%       | 84.1%      | -53.8%     | 26.5%      | -4.6%      |
| <b>Vehicle Service Hours (VSH)</b>          | 806         | 860          | 760        | 778        | 772        | 765        |
| <i>Annual Change</i>                        |             | 6.7%         | -11.6%     | 2.4%       | -0.8%      | -0.9%      |
| <b>Vehicle Service Miles (VSM)</b>          | 18,946      | 18,195       | 17,916     | 18,844     | 18,236     | 19,120     |
| <i>Annual Change</i>                        |             | -4.0%        | -1.5%      | 5.2%       | -3.2%      | 4.8%       |
| <b>Passengers</b>                           | 986         | 721          | 1,036      | 717        | 719        | 874        |
| <i>Annual Change</i>                        |             | -26.9%       | 43.7%      | -30.8%     | 0.3%       | 21.6%      |
| <b>Employees</b>                            | 2           | 1            | 1          | 1          | 1          | 1          |
| <i>Annual Change</i>                        |             | -50.0%       | 0.0%       | 0.0%       | 0.0%       | 0.0%       |
| <b>Performance Indicators</b>               |             |              |            |            |            |            |
| <b>Operating Cost/VSH (Actual \$)</b>       | \$79.02     | \$41.41      | \$90.90    | \$72.59    | \$86.48    | \$85.23    |
| <i>Annual Change</i>                        |             | -0.476002693 | 119.5%     | -20.1%     | 19.1%      | -1.4%      |
| <b>Operating Cost/Passenger (Actual \$)</b> | \$64.60     | \$49.39      | \$66.68    | \$78.76    | \$92.85    | \$74.60    |
| <i>Annual Change</i>                        |             | -23.5%       | 35.0%      | 18.1%      | 17.9%      | -19.7%     |
| <b>Passengers/VSH</b>                       | 1.22        | 0.84         | 1.36       | 0.92       | 0.93       | 1.14       |
| <i>Annual Change</i>                        |             | -31.5%       | 62.6%      | -32.4%     | 1.1%       | 22.7%      |
| <b>Passengers/VSM</b>                       | 0.05        | 0.04         | 0.06       | 0.04       | 0.04       | 0.05       |
| <i>Annual Change</i>                        |             | -23.9%       | 45.9%      | -34.2%     | 3.6%       | 15.9%      |
| <b>Farebox Recovery</b>                     | 3.09%       | 2.75%        | 2.61%      | 1.48%      | 1.58%      | 1.54%      |
| <i>Annual Change</i>                        |             | -10.9%       | -5.1%      | -43.4%     | 7.0%       | -2.4%      |
| <b>Hours/Employee</b>                       | 403.0       | 860.0        | 760.0      | 778.0      | 772.0      | 765.0      |
| <i>Annual Change</i>                        |             | 113.4%       | -11.6%     | 2.4%       | -0.8%      | -0.9%      |
| <b>TDA Non-Required Indicators</b>          |             |              |            |            |            |            |
| <b>Operating Cost/VSM</b>                   | \$3.36      | \$1.96       | \$3.86     | \$3.00     | \$3.66     | \$3.41     |
| <i>Annual Change</i>                        |             | -41.8%       | 97.0%      | -22.3%     | 22.2%      | -6.9%      |
| <b>VSM/VSH</b>                              | 23.51       | 21.16        | 23.57      | 24.22      | 23.62      | 24.99      |
| <i>Annual Change</i>                        |             | -10.0%       | 11.4%      | 2.7%       | -2.5%      | 5.8%       |
| <b>Fare/Passenger</b>                       | \$1.99      | \$1.36       | \$1.74     | \$1.16     | \$1.47     | \$1.15     |
| <i>Annual Change</i>                        |             | -31.9%       | 28.1%      | -33.2%     | 26.1%      | -21.6%     |

Sources: FY 2015/16 – FY 2017/18 data from prior Triennial Performance Audit and NTD reports.

FY 2018/19 – FY 2020/21 data from NTD reports.

FY 2018/19 – 2020/21 FTE data from State Controller Reports.

Exhibit 6.13 Fixed-Route Ridership

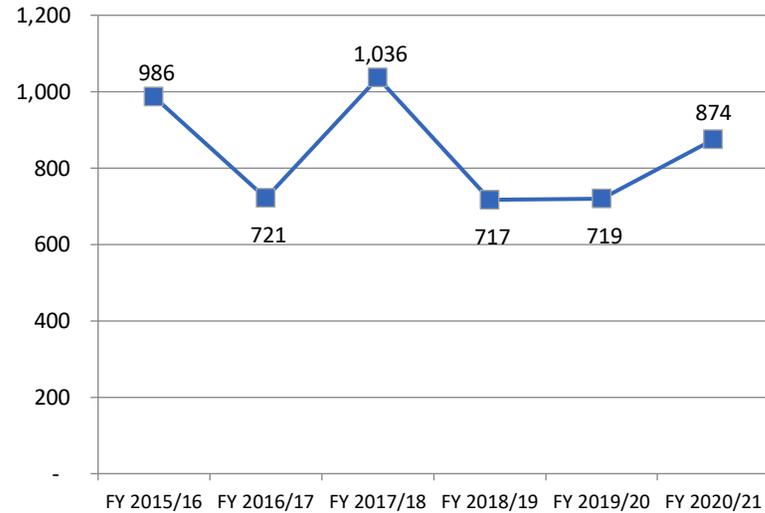


Exhibit 6.14 Fixed-Route Operating Cost/VSH

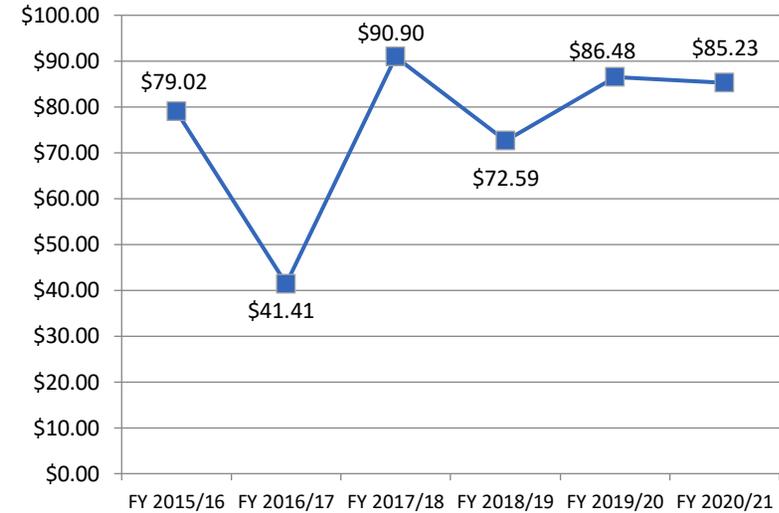


Exhibit 6.15 Fixed-Route Operating Cost/VSM

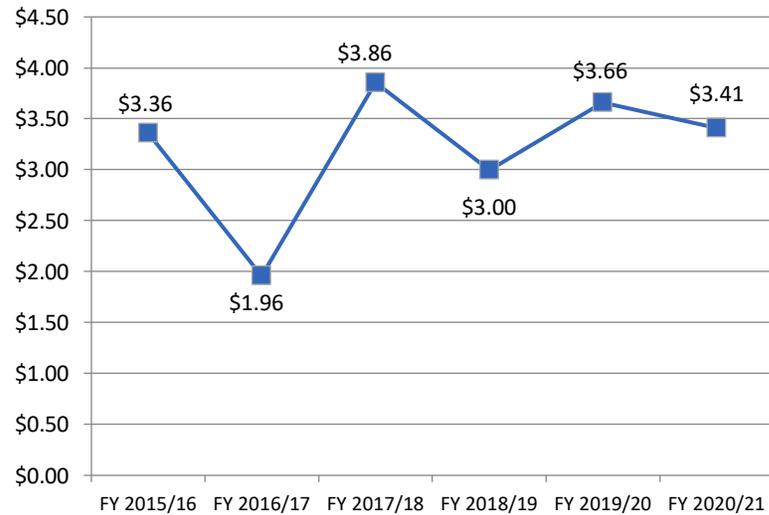


Exhibit 6.16 Fixed-Route VSM/VSH

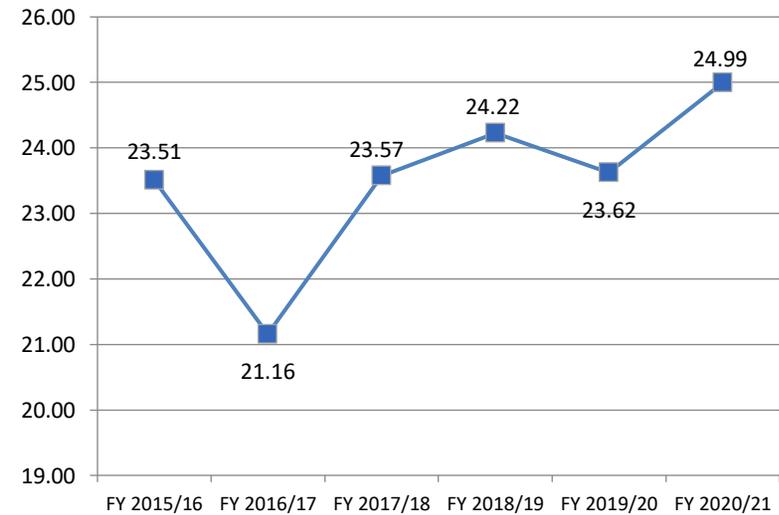


Exhibit 6.17 Fixed-Route Operating Cost/Passenger

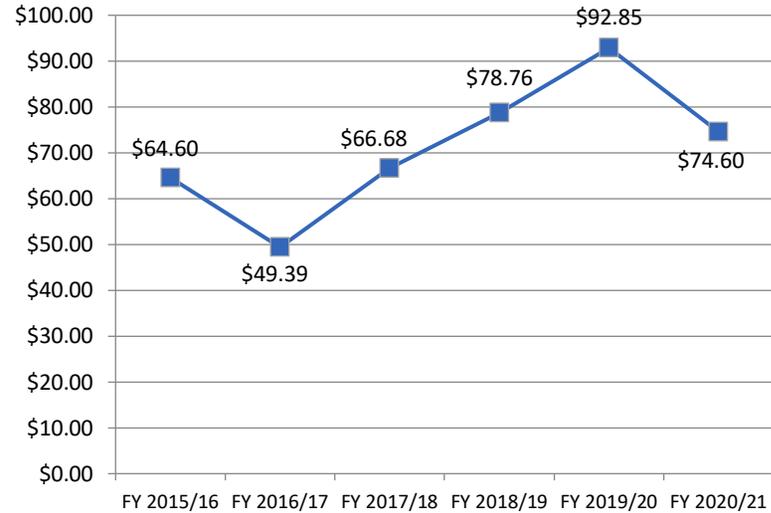


Exhibit 6.18 Fixed-Route Passengers/VSH

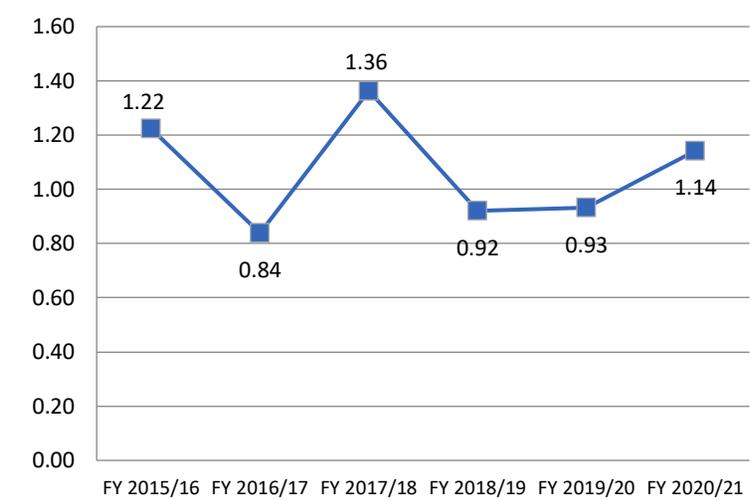


Exhibit 6.19 Fixed-Route Passengers/VSM

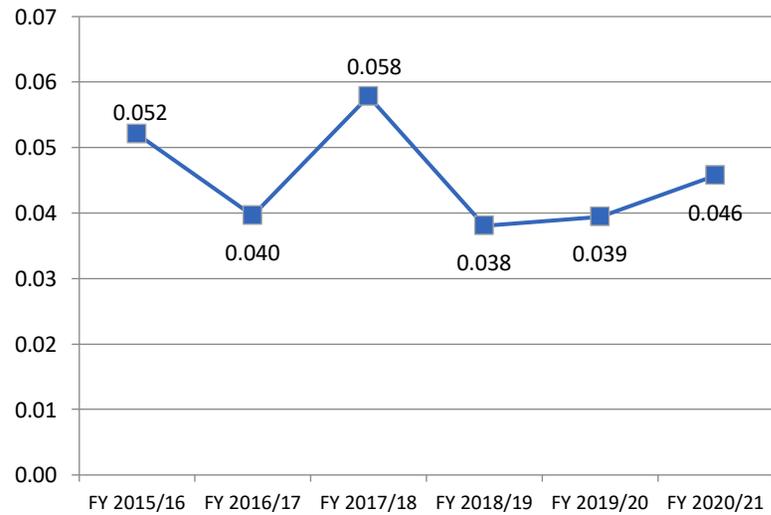


Exhibit 6.20 Fixed-Route VSH/FTE

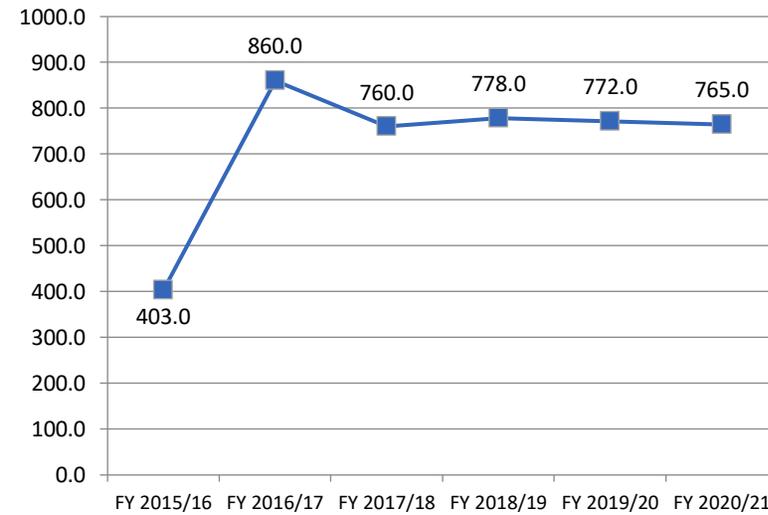


Exhibit 6.21 Fixed-Route Farebox Recovery

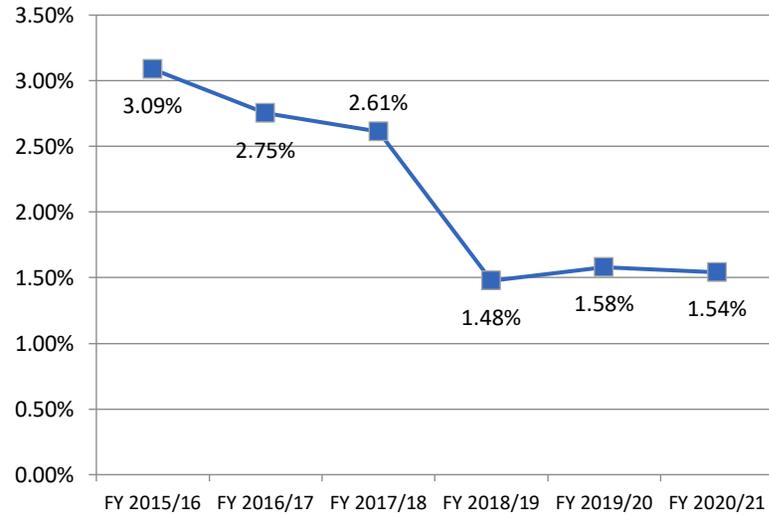
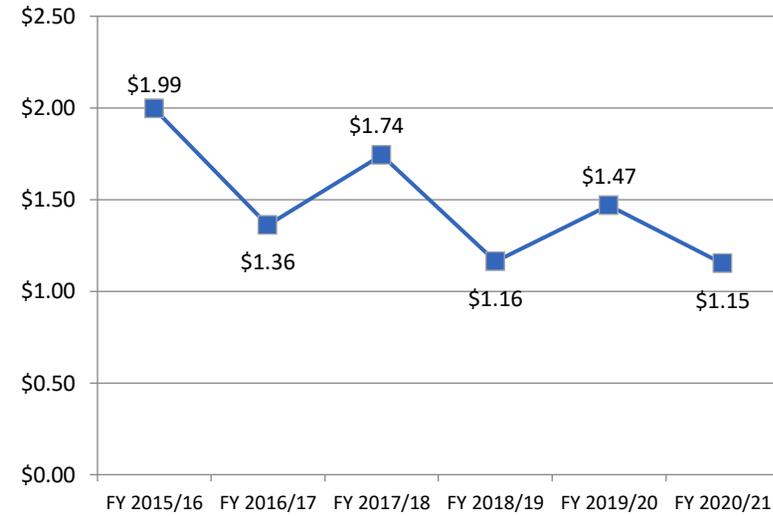


Exhibit 6.22 Fixed-Route Fare/Passenger



### Demand-Response Performance Trends

The City's demand-response service also varied in operation costs during the audit period, though the greatest increase occurred in FY 2020/21. This resulted in a net 14 percent net increase during the audit period, and a 64.4 percent net increase over the six-year period. Fare revenue, however, decreased, declining 68.2 percent during the audit period and a net 69.9 percent across the six-year period.

Demand-response vehicle service hours experienced a 19.7 percent net increase during the audit period, and a 49.8 percent net increase across the six-year period. This is largely due to a 27.5 percent increase in FY 2017/18 and a 47.8 percent increase in FY 2020/21. Vehicle service miles, however, saw a steady decrease from FY 2017/18 forward, ultimately resulting in a net decrease of 77.4 percent across the six-year period. Ridership also decreased significantly, declining a net 70.8 percent during the audit period. Given fixed-route ridership grew in FY 2020/21 while demand-response ridership dropped, it is likely some trips transitioned to fixed-route.

Operating cost per vehicle service hour experienced a net decrease during the audit period, while both operating cost per vehicle service mile and operating cost per passenger increased. Passenger-related productivity metrics were also mixed; passengers per vehicle service hour decreased more than 75 percent during the audit period, while passengers per vehicle service mile had a net increase of nearly 25 percent.

Exhibit 6.23 Demand-Response Performance Indicators

| Performance Measure                         | Demand-Response |            |            |            |            |            |
|---|-----------------|------------|------------|------------|------------|------------|
|   | FY 2015/16      | FY 2016/17 | FY 2017/18 | FY 2018/19 | FY 2019/20 | FY 2020/21 |
| <b>Operating Cost (Actual \$)</b>           | \$57,211        | \$69,718   | \$82,516   | \$64,171   | \$62,897   | \$94,064   |
| <i>Annual Change</i>                        |                 | 21.9%      | 18.4%      | -22.2%     | -2.0%      | 49.6%      |
| <b>Fare Revenue (Actual \$)</b>             | \$2,275         | \$2,040    | \$2,154    | \$1,859    | \$852      | \$685      |
| <i>Annual Change</i>                        |                 | -10.3%     | 5.6%       | -13.7%     | -54.2%     | -19.6%     |
| <b>Vehicle Service Hours (VSH)</b>          | 737             | 723        | 922        | 888        | 747        | 1,104      |
| <i>Annual Change</i>                        |                 | -1.9%      | 27.5%      | -3.7%      | -15.9%     | 47.8%      |
| <b>Vehicle Service Miles (VSM)</b>          | 4,512           | 4,795      | 4,361      | 3,201      | 2,330      | 1,020      |
| <i>Annual Change</i>                        |                 | 6.3%       | -9.1%      | -26.6%     | -27.2%     | -56.2%     |
| <b>Passengers</b>                           | 1,140           | 1,416      | 2,226      | 1,598      | 1,195      | 649        |
| <i>Annual Change</i>                        |                 | 24.2%      | 57.2%      | -28.2%     | -25.2%     | -45.7%     |
| <b>Employees</b>                            | 2               | 1          | 1          | 1          | 1          | 1          |
| <i>Annual Change</i>                        |                 | -50.0%     | 0.0%       | 0.0%       | 0.0%       | 0.0%       |
| <b>Performance Indicators</b>               |                 |            |            |            |            |            |
| <b>Operating Cost/VSH (Actual \$)</b>       | \$77.63         | \$96.43    | \$89.50    | \$72.26    | \$84.20    | \$85.20    |
| <i>Annual Change</i>                        |                 | 24.2%      | -7.2%      | -19.3%     | 16.5%      | 1.2%       |
| <b>Operating Cost/Passenger (Actual \$)</b> | \$50.19         | \$49.24    | \$37.07    | \$40.16    | \$52.63    | \$144.94   |
| <i>Annual Change</i>                        |                 | -1.9%      | -24.7%     | 8.3%       | 31.1%      | 175.4%     |
| <b>Passengers/VSH</b>                       | 1.55            | 1.96       | 2.41       | 1.80       | 1.60       | 0.59       |
| <i>Annual Change</i>                        |                 | 26.6%      | 23.3%      | -25.5%     | -11.1%     | -63.3%     |
| <b>Passengers/VSM</b>                       | 0.25            | 0.30       | 0.51       | 0.50       | 0.51       | 0.64       |
| <i>Annual Change</i>                        |                 | 16.9%      | 72.8%      | -2.2%      | 2.7%       | 24.1%      |
| <b>Farebox Recovery</b>                     | 4.0%            | 2.9%       | 2.6%       | 2.9%       | 1.4%       | 0.7%       |
| <i>Annual Change</i>                        |                 | -26.4%     | -10.8%     | 11.0%      | -53.2%     | -46.2%     |
| <b>Hours/Employee</b>                       | 368.5           | 723.0      | 922.0      | 888.0      | 747.0      | 1104.0     |
| <i>Annual Change</i>                        |                 | 96.2%      | 27.5%      | -3.7%      | -15.9%     | 47.8%      |
| <b>TDA Non-Required Indicators</b>          |                 |            |            |            |            |            |
| <b>Operating Cost/VSM</b>                   | \$12.68         | \$14.54    | \$18.92    | \$20.05    | \$26.99    | \$92.22    |
| <i>Annual Change</i>                        |                 | 14.7%      | 30.1%      | 6.0%       | 34.7%      | 241.6%     |
| <b>VSM/VSH</b>                              | 6.12            | 6.63       | 4.73       | 3.60       | 3.12       | 0.92       |
| <i>Annual Change</i>                        |                 | 8.3%       | -28.7%     | -23.8%     | -13.5%     | -70.4%     |
| <b>Fare/Passenger</b>                       | \$2.00          | \$1.44     | \$0.97     | \$1.16     | \$0.71     | \$1.06     |
| <i>Annual Change</i>                        |                 | -27.8%     | -32.8%     | 20.2%      | -38.7%     | 48.0%      |

Sources: FY 2015/16 – FY 2017/18 data from prior Triennial Performance Audit and NTD reports.

FY 2018/19 – FY 2020/21 data from NTD reports.

FY 2020/21 vehicle service hour data from Monthly Performance Reports.

FY 2018/19 – 2020/21 FTE data from State Controller Reports.

Exhibit 6.24 Demand-Response Ridership

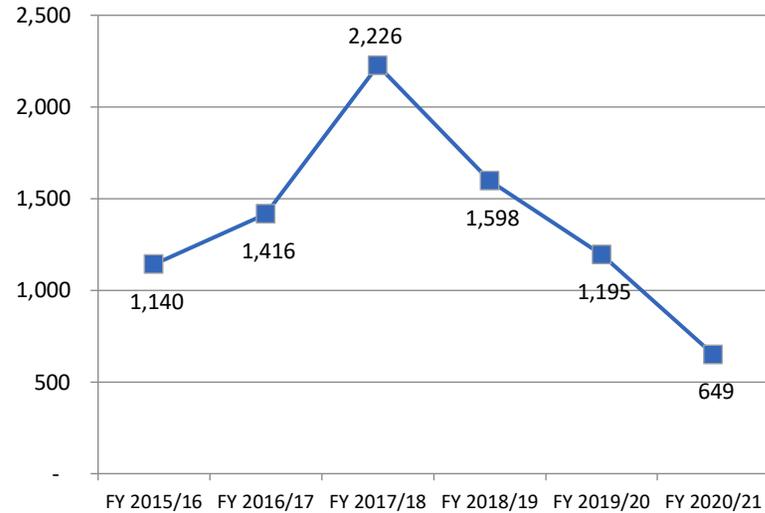


Exhibit 6.25 Demand-Response Operating Cost/VSH

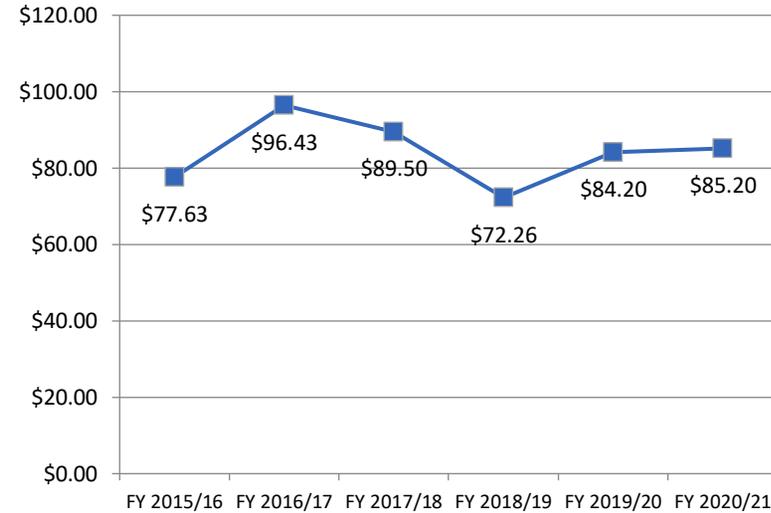


Exhibit 6.26 Demand-Response Operating Cost/VSM

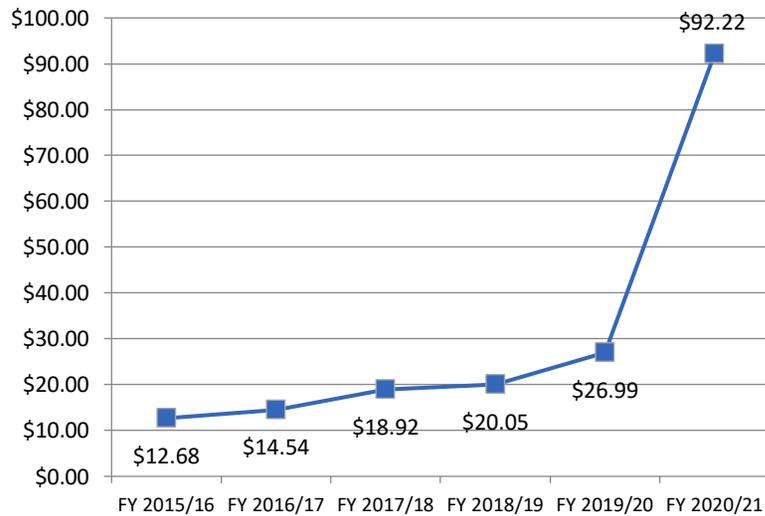


Exhibit 6.27 Demand-Response VSM/VSH

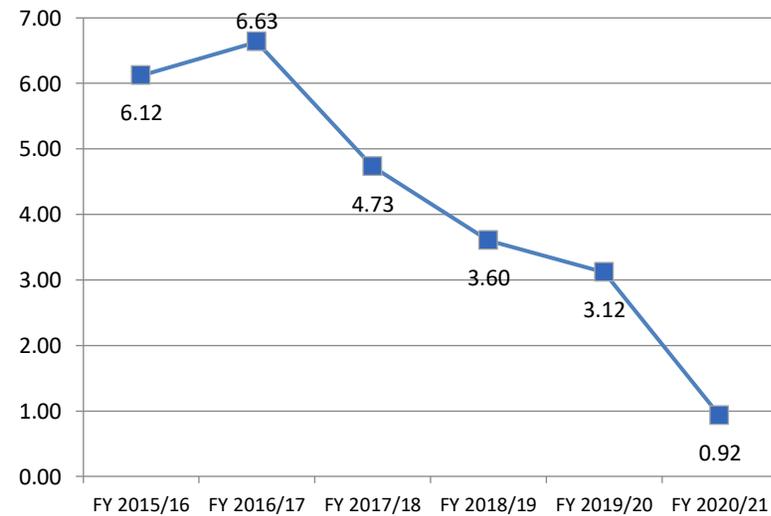


Exhibit 6.28 Demand-Response Operating Cost/Passenger

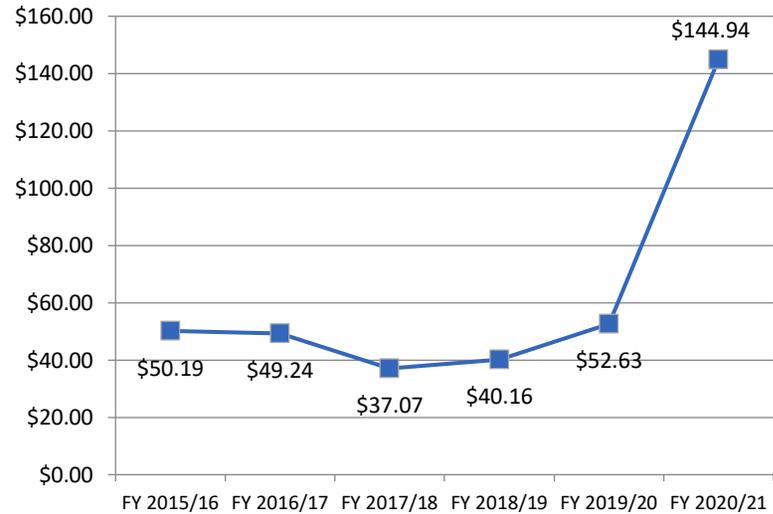


Exhibit 6.29 Demand-Response Passengers/VSH

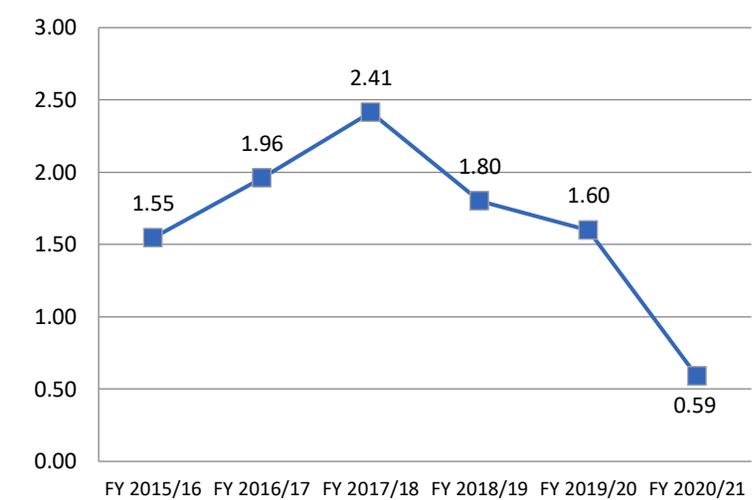


Exhibit 6.30 Demand-Response Passengers/VSM

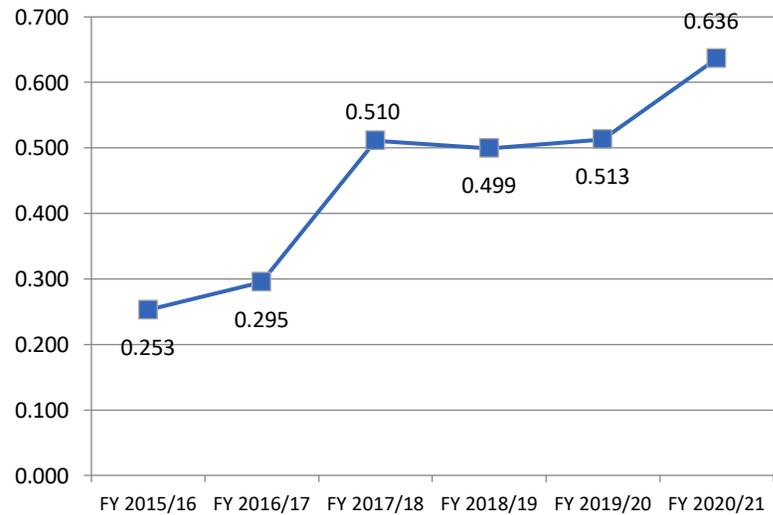


Exhibit 6.31 Demand-Response VSH/FTE

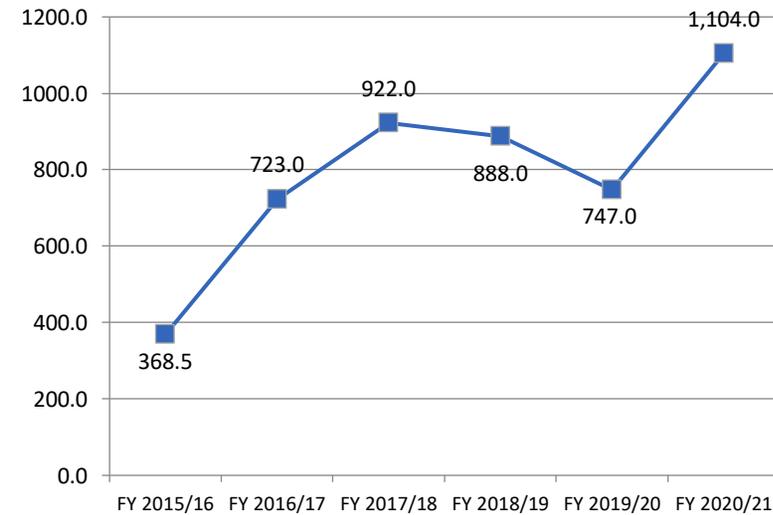


Exhibit 6.32 Demand-Response VSH/FTE

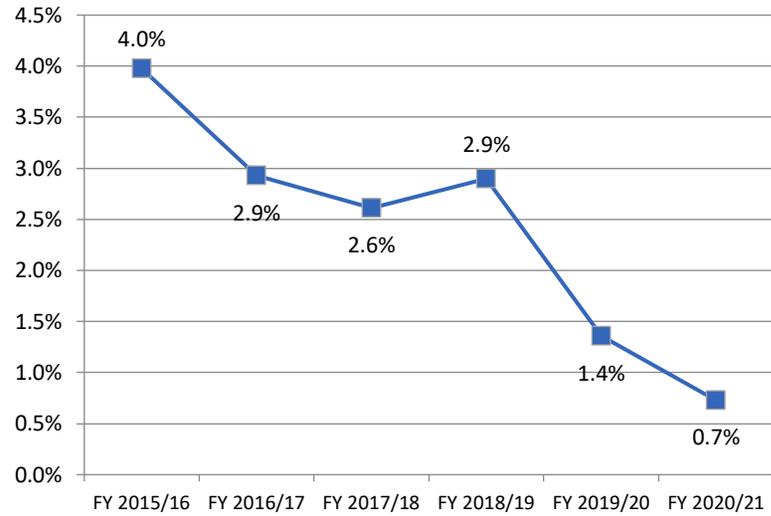
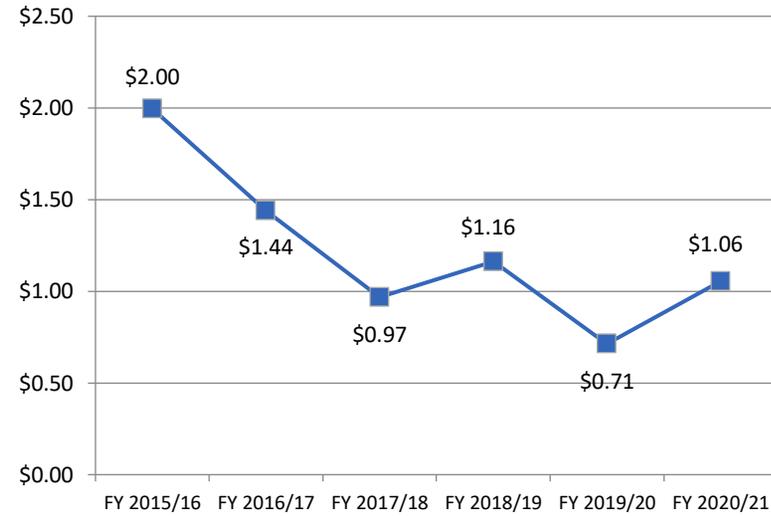


Exhibit 6.33 Demand-Response Farebox Recovery



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## Chapter 7 | Functional Review

A functional review of the City of Escalon’s public transit program is intended to assess the effectiveness and efficiency of the operator. Following a general summary of the City’s transit services, this chapter addresses seven functional areas. The list, taken from Section III of the *Performance Audit Guidebook* published by Caltrans, reflects those transit services provided by the City through its transit program:

- General management and organization;
- Service planning;
- Scheduling, dispatch, and operations;
- Personnel management and training;
- Administration;
- Marketing and public information; and
- Fleet maintenance.

### Service Overview

The City of Escalon provides public transit services within city limits and beyond via its eTrans bus program. eTrans offers one fixed route providing service within Escalon and to neighboring Modesto. Three round trips are offered each weekday, departing Escalon at 8:12 a.m., 1:12 p.m., and 4:12 p.m. Dial-A-Ride service within Escalon, and with connections to Riverbank, operates between the round trips (9:12 a.m. and 11:32 a.m., 12:32 p.m. and 1:12 p.m., and 2:12 p.m. and 3:32 p.m.). Neither service operates on Saturday, Sunday, or designated holidays.

Both services are open to the general public. Effective July 1, 2020, eTrans was operated under contract to the City of Modesto. The fixed route is called Route 35 (though still retained the City’s branding).

eTrans bus passes are available for sale at Escalon City Hall at 2060 McHenry Avenue in Escalon, Monday through Friday from 8 a.m. to 12 p.m. and 1 p.m. to 5 p.m. Passes may also be purchased by mail from Modesto Area Express or electronically via Token Transit or Masabi JustRide. The fare on eTrans Dial-A-Ride is the same as on Route 35.

Exhibit 7.1 Fixed-Route Fare Structure

| Fare Category                  | General  | Student with ID | MJC Students | Half-fare |
|--------------------------------|----------|-----------------|--------------|-----------|
| One-way fare                   | \$2.00   | \$1.50          | Free         | \$1.00    |
| Route 35 route deviations      | \$1.00   |                 |              |           |
| Transfer to StaRT              | \$0.25   |                 |              |           |
| Transfer from RTDVanGo!        | Free     |                 |              |           |
| Day Pass                       | \$4.00   | \$2.00          |              | \$2.00    |
| 7-Day Pass                     | \$15.00  |                 |              |           |
| 31-Day Pass                    | \$58.00  | \$48.00         |              | \$29.00   |
| Pack of 50 Single Ride Tickets | \$100.00 | \$75.00         |              | \$50.00   |

Half-fare reduced fares are available to seniors (65+), persons with disabilities, Medicare cardholders, veterans, and youth age 5-18. Appropriate identification indicating eligibility is required (except for youth below high school age).

Children age four and under ride free when accompanied by a parent or legal guardian. Pre-paid field trips offer a fare of fifty cents per person for preschool, elementary school, and junior high class groups riding a regularly scheduled bus. Personal Care Attendants (PCAs) ride for free when accompanying a customer with a disability that has an Access ID card or MAX S/D Discount Card stamped with an “A.”

#### Response to COVID-19 pandemic

The City did not alter its transit service due to the COVID-19 pandemic, although ridership declined significantly. All of the transit safety protocols implemented by the City of Modesto were also followed by the City of Escalon, including social distancing and mask requirements.

#### General Management and Organization

The City’s Transit Coordinator is a part-time position (25 hours per month), reporting to the City Manager. The Transit Coordinator is the only transit position, with operations and maintenance contracted to Stanislaus Regional Transit Authority (formerly the City of Modesto) and its operations contractor. This staffing level is appropriate and effective given the scope of the program.

Exhibit 7.2 Organizational Chart (as of July 1, 2021)



The Escalon City Council is the policy-making body for eTrans. The council meets formally on the first and third Monday of each month at 7:00 p.m. at the City’s Council Chambers, located at 2060 McHenry Ave. in Escalon. In response to COVID-19, meetings are being held virtually and streamed on YouTube. The City does not have any transit-related committee or citizens’ advisory board.

As of July 1, 2020, operation and maintenance of eTrans were contracted to the City of Modesto (MAX). Contracting with Modesto has been more cost-effective, easier to manage, and offers riders a more seamless travel and connectivity. Beginning July 1, 2021 (following the end of the current audit period), the City of Modesto consolidated with the County of Stanislaus into the Stanislaus Regional Transit

Authority (Stan RTA). As a result, eTrans service is now contracted to Stan RTA. Subsequent to the audit period, Stan RTA went out to bid for a consolidated operations contract, which resulted in the selection of a new contractor beginning in January 2022. For simplicity's sake, the balance of this section will refer to the City of Modesto (and subcontractor National Express/NEXT) as the operations contractor in the following narrative since they operated the service during the audit period.

The Transit Coordinator monitors program performance by reviewing monthly reports, performing quality assurance checks, and meeting with contractor management.

The City has good relationships with neighboring transit organizations, including the cities of Tracy, Manteca, Ripon, and Lodi. As a sub-recipient, the City's relationship with the FTA is through Caltrans. The Transit Coordinator serves as the City's inter-governmental liaison and serves on the StanCOG Technical Advisory Committee (TAC).

### Service Planning

The City's last Short Range Transit Plan (completed in 2018) is no longer relevant. While an update is needed, the City prefers to wait and see what happens with Stan RTA before doing so. It may be that joining Stan RTA is an option. There has also been a change in the City Manager, which may impact the future direction of the transit program.

The City actively works to identify residential and commercial developments that may require transportation, as well as identifies and projects future service needs based on current utilization. The Transit Coordinator regularly communicates with the City's Community Development Department with respect to upcoming development projects.

The City works collaboratively with organizations serving persons with disabilities and meets all federal and state requirements regarding serving persons with disabilities. Special fixed-route fares are offered to youth, seniors, Medicare cardholders, and persons with disabilities. All vehicles are wheelchair-accessible.

Annual TDA Article 8 "Unmet Transit Needs" public hearings are the City's primary public participation opportunity. In addition, the City conducts public hearings any time a proposed service change exceeds a 25 percent change in miles and hours. Public hearings are held at the Escalon city hall, which is accessible by public transit.

The City also conducts surveys of riders and non-riders to support transit planning. Surveys are typically conducted onboard the bus.

### Administration

In March of each year, the City's Finance Department distributes budget worksheets to individual City departments. These are completed in April and returned to Finance. From these worksheets, the City develops its overall budget, which is presented to the City Council for approval and adoption in June. The City regularly compares its budgeted expectations with actual revenue and expenses. The City Manager approves any substantial increases over budgeted expenses.

Each year, the Transit Coordinator applies for TDA funds and FTA Section 5311 funds in response to a “call for projects” issued by Caltrans. The budget is reconciled to the grants applied and prior year costs are used along with projections of upcoming expenses based on current contracts in place.

Risk management is handled by the operations contractor. Buses are insured through National Express. The Transit Coordinator periodically reviews the safety of transit operations, while the Escalon police department and City Manager review the safety of other components of City operations.

The transit operations contract is monitored by the Transit Coordinator through random vehicle checks, telephone checks, monthly reports, review of customer comments, and meetings with the contractor. The operations contract is approved by City Council. The scope of work, term of the contract, and price are clearly defined.

The City’s Accounts Receivable function is kept separate from the purchasing authorization function and the disbursement authorization function. Invoice terms, quantities, and prices are verified against purchase orders, and receipt of goods or services is verified before invoices are paid.

The City maintains a Purchasing Policy, which is compliant with FTA requirements. All purchasing and procurement policies and procedures are well defined and appropriate. The City competitively procures fuel, vehicles, and other items of major expense, and may piggyback on other contracts when appropriate, depending on the item.

#### Scheduling, Dispatch, and Operations

National Express drivers are assigned through the bidding process based on seniority. Drivers are not formally rotated through routes, but may do so as the bid allows. Drivers bid three times each year. A GPPV certification is required for any driver picking up or dropping off at a school. Drivers are not unionized.

Escalon’s transit service is operated using a single full-time driver. Vacation is scheduled in advance so that a back-up driver can be assigned to the eTrans route.

Vehicles are assigned to routes based on passenger loads. Smaller vehicles are used on lower-demand routes. All drivers are qualified to drive all vehicles.

Fares are collected onboard the buses using SPX Genfare *Odyssey* fareboxes. A probe and spare farebox are kept in the City’s Finance Department. During City Hall business hours, the driver obtains the probe and farebox, downloads information, removes the farebox with fares from the vehicle, and replaces it with the empty farebox. The probe and farebox with fares are returned to the Finance Department. Finance Department staff removes and counts the money from the farebox. A receipt is provided to the driver the next service day. Cash receipts for passes are reconciled back to the number of passes issued.

#### Personnel Management and Training

MAX, through operations contractor National Express (NEXT), has one driver who has driven eTrans for several years. A backup driver is provided when the regular driver is not available. NEXT is continuously hiring and candidates which NEXT believes would be a good fit for eTrans are trained on the route as

possible backup drivers. All new drivers are required to go through 120 hours of training and possess a CDL with airbrake, passenger, and VTT endorsements before being assigned to operate a service vehicle.

NEXT utilizes incentives, communications, safety meetings, and Employee of the Month recognition to motivate employees. eTrans has a very low turnover rate. When turnover does occur, it is typically because drivers choose to leave or retire (rather than due to disciplinary action). Job performance evaluations are completed periodically for all operator staff.

Monthly safety meetings, which meet the state requirement for training, address locally identified issues as well as safety standard operating procedures. NEXT uses the DriveCam program as well as the Samba driver safety score program. Annual Vehicle Transit Training (VTT) is also provided. Bus evacuation and site evacuation procedures are covered in monthly safety meetings.

National Express addresses rule enforcement through progressive discipline as outlined in the employee handbook. The handbook includes a clear, communicated policy regarding absences and tardiness. NEXT's drug and alcohol program conforms with applicable federal and state requirements.

NEXT drivers and their dependents are provided medical, dental, and vision insurance benefits. NEXT's local office manager handles benefit questions and refers any more complex inquiries to NEXT's corporate office.

#### Marketing and Public Information

The City's marketing efforts consist primarily of advertisements, rider guide distribution, website and social media updates, and promotion at special events and fairs. A Ride Guide provides information in English and Spanish, and is available in print format. Advertisements are used to promote new or special services as well as in conjunction with the dibs rideshare program and MAX.

The City has a system of accepting and responding to complaints and utilizes survey and performance data to develop marketing goals and targets. The public perception of the program is generally positive. The City works with the local middle and high schools to make presentations to students.

#### Maintenance

The City of Modesto provides transit vehicle maintenance. Preventive maintenance is conducted every 5,000 miles or 45 days, whichever occurs first. This schedule conforms with the manufacturer's recommended schedule. Compliance with the preventive maintenance schedule can be easily judged through the CHP inspection. Maintenance does not conflict with regular vehicle use. Warranty repairs are identified and appropriate adjustments are made.

The average age of the active fleet at the time of this audit was 4.3 years, with an average mileage of 42,163. This includes a new vehicle purchased in 2021 that had not accrued any mileage yet. All vehicles are listed as "active" in the City's fleet inventory.

Maintenance ensures unsafe buses are not used by taking the vehicle out of service. Procedures are in place to ensure the most critically needed vehicles are repaired first. When breakdowns occur, maintenance is notified promptly. Maintenance schedules are communicated to dispatch. Maintenance notifies the dispatcher when a vehicle repair is complete.

Exhibit 7.3 City of Escalon Transit Fleet

| Vehicle # | Year | Make                    | Length | Fuel     | PAX | WC Positions | Mileage as of 5/31/21 |
|-----------|------|-------------------------|--------|----------|-----|--------------|-----------------------|
| 21102     | 2011 | Starcraft Allstar       | 24 ft  | Gasoline | 18  | 2            | 117,590               |
| 21603     | 2016 | Dodge Caravan           | 18 ft  | Gasoline | 5   | 1            | 27,529                |
| 21904     | 2019 | Glaval Titan II         | 26 ft  | Gasoline | 19  | 2            | 23,532                |
| 22108     | 2021 | Arboc Sprit of Mobility | 23 ft  | Gasoline | 16  | 2            |                       |

## Chapter 8 | Findings and Recommendations

### Conclusions

Moore & Associates, Inc. finds the City of Escalon to be in compliance with the requirements of the Transportation Development Act. In addition, the transit program functions in an efficient, effective, and economical manner.

### Findings

The audit team has identified two functional findings:

1. There were significant variances in some of the data reported in FY 2019/20 and FY 2020/21.
2. The FY 2020/21 TDA Fiscal Audit was submitted after the allowable deadline extension of March 31.

### Program Recommendations

In completing this Triennial Performance Audit, the auditors submit the following recommendations for the City of Escalon's public transit program. They are divided into two categories: TDA Program Compliance Recommendations and Functional Recommendations. TDA Program Compliance Recommendations are intended to assist in bringing the operator into compliance with the requirements and standards of the TDA, while Functional Recommendations address issues identified during the audit that are not specific to TDA compliance. Each finding is presented with the elements identified within the 2011 *Government Auditing Standards* as well as one or more recommendations.

Given there were no compliance findings, only a functional finding and recommendation is provided.

### Functional Finding 1: There were significant variances in some of the data reported in FY 2019/20 and FY 2020/21.

**Criteria:** It is the responsibility of the transit operator to ensure data is accurately recorded and reported to external agencies. PUC 99247 offers definitions of key performance measures.

**Condition:** While fare revenue reported in FY 2018/19 was consistent among the three reports, it was not in FY 2019/20 and FY 2020/21. In FY 2019/20, there was a 15.8 percent variance between the lowest figure (reported to the State Controller) and the highest (reported in the TDA fiscal audit). In FY 2020/21, there was a 2.3 percent variance between what was reported to the State Controller and what was reported to the NTD (the TDA fiscal audit had not yet been completed at the time of this writing). The reason(s) for these variances could not be determined.

In FY 2020/21, 825 vehicle service hours (VSH) were reported on the State Controller and NTD reports. However, 1,868 VSH were reported on the monthly performance reports. This is concerning, as the two external reports appear to be significantly underreporting VSH. Given VSH is a performance measure used by SJCOG to determine compliance for the City of Escalon, such a large variation in what is reports could impact the City's transit funding. In this case, the issue lies with the demand-response service, for which only 60 VSH were reported to the State Controller and NTD, but for which 1,104 VSH were recorded per

the monthly performance report. Given the trends across the audit period, it would appear the 1,868 VSH is the correct figure.

**Cause:** The discrepancy specific to vehicle service hours may have been the result of an error, which was carried forward to another report. The cause of the variance in fare revenue in FY 2019/20 and FY 2020/21 is unknown.

**Effect:** Varying data can affect the accuracy of the data used to determine compliance with the established performance measures, all of which are calculated based on vehicle service hours or include fare revenue as part of the calculation.

**Recommendation:** Ensure data is cited as accurately as possible on all reporting documents.

**Recommended Action:** Several steps can be taken to ensure data is reported accurately, or that known variances are documented:

1. The Transit Coordinator should review the State Controller Report and NTD report prior to submittal to ensure the data is accurate.
2. Data that seems unusually low or high (such as 60 VSH for the entire year) should be verified against monthly or annual contractor reports.
3. If fiscal data is updated at a later date (such as at the time of the TDA fiscal audit) and is not consistent with NTD and State Controller Reports that may have been submitted earlier, this variance should be documented and provided to the auditor during the next Triennial Performance Audit.

**Timeline:** FY 2021/22.

**Anticipated Cost:** None.

**Management response:** Regarding the fare issue – the contractor calculates fares they only collect. The Transit Coordinator reports fares from the City’s financial system as that also include passes.

NTD expressed concern that the data being represented for DAR did not seem accurate. As a result, we hired someone to go all of the trip manifests to calculate the revenue vehicle service hours based on NTD guidance as to what can be counted as revenue hours. This resulted in a significantly lower number. As a result, we have concluded that RTD may have not been doing this reporting correctly, confusing billing hours vs. non-revenue hours. So as a result, we needed to reset how these numbers are done. As a result, we had StanRTA start reporting it differently to separate billing hours vs. actual revenue hours.

**Functional Finding 2: The FY 2020/21 TDA Fiscal Audit was submitted after the allowable deadline extension of March 31.**

**Criteria:** PUC 99245 requires all Article 4 recipients to submit an annual fiscal audit to the State Controller within 180 days of the end of the fiscal year. The RTPA has the authority to extend the deadline for another 90 days, typically to March 31. While Article 8 recipients submit TDA fiscal audits as well, compliance with the deadline is not a condition of compliance with TDA Article 8. However, since the RTPA cannot release

Article 4 funds until the audit is submitted, it is helpful to have all transit operator audits submitted according to the same deadline, even if it might not affect the release of Article 8 funds.

**Condition:** For FY 2020/21, the City’s TDA fiscal audit had not been completed by the time this report was finalized on April 6, 2022.

**Cause:** The City’s financial audit had not been completed by the extended deadline.

**Effect:** As the TDA fiscal audit draws on the City’s audited financial data, the delay in the City’s audit caused the TDA fiscal audit to be late.

**Recommendation:** Ensure TDA fiscal audits are completed within the extended deadline.

**Recommended Action:** Work with City and TDA auditors to ensure the TDA fiscal audit can be completed no later than March 31.

**Timeline:** FY 2021/22.

**Anticipated Cost:** None.

**Management Response:** The City of Escalon’s longtime Finance Director departed from the City during the audit period. The City hired an interim Finance Director during the audit period whom worked with the auditor to complete the overall City financial audit which was completed on March 31, 2022. The completion of the audit will now allow for the TDA audit to be completed, which is anticipated to be completed within the next 30-60 days. This was an unusual circumstance for the City and this should not occur in the future.

Exhibit 8.1 Audit Recommendations

| Functional Recommendations |  | Importance | Timeline   |
|----------------------------|--|------------|------------|
| 1                          | Ensure data is cited as accurately as possible on all reporting documents. | High       | FY 2021/22 |
| 2                          | Ensure TDA fiscal audits are completed within the extended deadline.       | High       | FY 2021/22 |

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